

(b) *Effect on regional value content calculation.* Packing materials and containers for shipment, as defined in §10.593(m) of this subpart, are to be disregarded in determining the regional value content of a good imported into the United States. Accordingly, in applying the build-down, build-up, or net cost method for determining the regional value content of a good imported into the United States, the value of such packing materials and containers for shipment (whether originating or non-originating) is disregarded and not included in AV, adjusted value, VNM, value of non-originating materials, VOM, value of originating materials, or NC, net cost of a good.

*Example.* Producer A of the Dominican Republic produces good C. Producer A ships good C to the United States in a shipping container that it purchased from Company B in the Dominican Republic. The shipping container is originating. The value of the shipping container determined under section §10.596(a)(2) of this subpart is \$3. Good C is subject to a regional value content requirement. The transaction value of good C is \$100, which includes the \$3 shipping container. The United States importer decides to use the build-up method,  $RVC = (VOM/AV) \times 100$  (see §10.595(c) of this subpart), in determining whether good C satisfies the regional value content requirement. In determining the AV, adjusted value, of good C imported into the U.S., paragraph (b) of this section and the definition of AV require a \$3 deduction for the value of the shipping container. Therefore, the AV is \$97 (\$100 - \$3). In addition, the value of the shipping container is disregarded and not included in the VOM, value of originating materials.

#### § 10.603 Indirect materials.

An indirect material, as defined in §10.582(m) of this subpart, will be considered to be an originating material without regard to where it is produced.

*Example.* Honduran Producer C produces good C using non-originating material A. Producer C imports non-originating rubber gloves for use by workers in the production of good C. Good C is subject to a tariff shift requirement. As provided in §10.594(b)(1) of this subpart and General Note 29(n), each of the non-originating materials in good C must undergo the specified change in tariff classification in order for good C to be considered originating. Although non-originating material A must undergo the applicable tariff shift in order for good C to be con-

sidered originating, the rubber gloves do not because they are indirect materials and are considered originating without regard to where they are produced.

#### § 10.604 Transit and transshipment.

(a) *General.* A good that has undergone production necessary to qualify as an originating good under §10.594 of this subpart will not be considered an originating good if, subsequent to that production, the good:

(1) Undergoes further production or any other operation outside the territories of the Parties, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to the territory of a Party; or

(2) Does not remain under the control of customs authorities in the territory of a non-Party.

(b) *Documentary evidence.* An importer making a claim that a good is originating may be required to demonstrate, to CBP's satisfaction, that the conditions and requirements set forth in paragraph (a) of this section were met. An importer may demonstrate compliance with this section by submitting documentary evidence. Such evidence may include, but is not limited to, bills of lading, airway bills, packing lists, commercial invoices, receiving and inventory records, and customs entry and exit documents.

#### § 10.605 Goods classifiable as goods put up in sets.

Notwithstanding the specific rules set forth in General Note 29(n), HTSUS, goods classifiable as goods put up in sets for retail sale as provided for in General Rule of Interpretation 3, HTSUS, will not be considered to be originating goods unless:

(a) Each of the goods in the set is an originating good; or

(b) The total value of the non-originating goods in the set does not exceed:

(1) In the case of textile or apparel goods, 10 percent of the adjusted value of the set; or

(2) In the case of a good other than a textile or apparel good, 15 percent of the adjusted value of the set.

TARIFF PREFERENCE LEVEL

**§ 10.606 Filing of claim for tariff preference level.**

A cotton or man-made fiber apparel good of Nicaragua described in § 10.607 of this subpart that does not qualify as an originating good under § 10.594 of this subpart may nevertheless be entitled to preferential tariff treatment under the CAFTA–DR under an applicable tariff preference level (TPL). To make a TPL claim, the importer must include on the entry summary, or equivalent documentation, the applicable subheading in Chapter 99 of the HTSUS (9915.61.01) immediately above the applicable subheading in Chapter 61 or 62 of the HTSUS under which each non-originating cotton or man-made fiber apparel good is classified.

**§ 10.607 Goods eligible for tariff preference level claims.**

Goods eligible for a TPL claim consist of cotton or man-made fiber apparel goods provided for in U.S. Note 15(b), Subchapter XV, Chapter 99, HTSUS, that are both cut (or knit-to-shape) and sewn or otherwise assembled in the territory of Nicaragua, and that meet the applicable conditions for preferential tariff treatment under the CAFTA–DR, other than the condition that they are originating goods. The preferential tariff treatment is limited to the quantities specified in U.S. Note 15(c), Subchapter XV, Chapter 99, HTSUS.

**§ 10.608 Submission of certificate of eligibility.**

An importer who claims preferential tariff treatment on a non-originating cotton or man-made fiber apparel good must submit a certificate of eligibility issued by an authorized official of the Government of Nicaragua, demonstrating that the good is eligible for entry under the applicable TPL, as set forth in § 10.607 of this subpart. The certificate of eligibility must be in writing or must be transmitted electronically pursuant to any electronic means authorized by CBP for that purpose.

**§ 10.609 Transshipment of non-originating cotton or man-made fiber apparel goods.**

(a) *General.* A good will not be considered eligible for preferential tariff treatment under an applicable TPL by reason of having undergone production that would enable the good to qualify for preferential tariff treatment if subsequent to that production the good:

(1) Undergoes production or any other operation outside the territories of the Parties, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to the territory of a Party; or

(2) Does not remain under the control of customs authorities in the territory of a non-Party.

(b) *Documentary evidence.* An importer making a claim for preferential tariff treatment under an applicable TPL may be required to demonstrate, to CBP's satisfaction, that the requirements set forth in paragraph (a) of this section were met. An importer may demonstrate compliance with these requirements by submitting documentary evidence. Such evidence may include, but is not limited to, bills of lading, airway bills, packing lists, commercial invoices, receiving and inventory records, and customs entry and exit documents.

**§ 10.610 Effect of noncompliance; failure to provide documentation regarding transshipment of non-originating cotton or man-made fiber apparel goods.**

(a) *Effect of noncompliance.* If an importer of a good for which a TPL claim is made fails to comply with any applicable requirement under this subpart, the port director may deny preferential tariff treatment to the imported good.

(b) *Failure to provide documentation regarding transshipment.* Where the requirements for preferential tariff treatment set forth elsewhere in this subpart are met, the port director nevertheless may deny preferential tariff treatment to a good for which a TPL claim is made if the good is shipped through or transshipped in a country other than a Party, and the importer of the good does not provide, at the request of the port director, evidence